



## **COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT**

### **APPROVED SUMMARIZED MINUTES**

Thursday, March 24, 2016

3:30 p.m.

Eureka Loft, Civic Center Library 2<sup>nd</sup> Floor  
3839 N. Drinkwater Blvd, Scottsdale, AZ 85251

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- PRESENT:** Mayor W.J. "Jim" Lane  
Councilmember Linda Milhaven (arrived at 3:45 p.m.)  
Vice Mayor David Smith
- STAFF:** Danielle Casey, Economic Development Director  
Dan Worth, Executive Director, Public Works Administration  
William Hylen, Senior Assistant City Attorney  
Martha West, Real Estate Manager  
Robert Tunis, Economic Development Manager-Business Retention
- GUESTS:** Tina Slankas, Cyber Security Program Coordinator -City of Phoenix  
and Security Canyon Board Member and Ori Eisen, Founder & CEO-  
Trusona and Security Canyon Board President

#### **Call to Order/Roll Call**

Mayor Lane called the regular meeting of the Council Subcommittee on Economic Development to order at 3:35 p.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum.

#### **1. Approval of February 11, 2016 Minutes**

**VICE MAYOR SMITH MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 11, 2016 MEETING AS PRESENTED. MAYOR LANE SECONDED. THE MOTION CARRIED BY A VOTE OF TWO (2) TO ZERO (0). COUNCILMEMBER MILHAVEN WAS NOT YET PRESENT.**

#### **2. Security Canyon Cyber Security Coalition**

Danielle Casey said the Economic Development team partnered with Security Canyon because of their shared goal of talent attraction. Tina Slankas said the objectives of Security Canyon are to attract and retain cyber talent in Arizona, to share cyber related jobs that are available to qualified candidates, to provide a focal point for educational partnerships to foster the ability of cyber technology across Arizona, and to promote the benefits of working in cyber security in Arizona. Arizona does not have a reputation for high technology and cyber security, but there are many companies with headquarters or offices located here. Talented students do not have to leave the state to work in this industry. There is a shortage of cyber security talent across the country. Students do not need certification to work in cyber security, just an interest and exposure to various technologies and the abilities to do the work. Security Canyon has been reaching out to academic partners to get students engaged at a young age. Many local organizations offer experts in the field to share their knowledge and bring others into the

community. There are many creative people working in Arizona and they are looking for innovative solutions to big problems.

Mayor Lane said he is excited about the prospect of clustering talent in this particular field, since cyber security is something that is universally needed throughout the country and the world.

Vice Mayor Smith inquired about the group's funding. Ms. Slankas responded that the organization was incorporated as non-profit in December of 2015. It is currently an all-volunteer operation. The intent is to set up a structure of sponsored memberships.

Ori Eisen, President of Security Canyon, said he would like to see Arizona become recognized for its talent in cyber security. Currently, his company is struggling to find enough local people to write iOS apps. Students who are entering university with the goal of getting into a high-paying career that will be around for years should consider cyber security.

Ms. Casey reported that students in the Thunderbird School of Global Management Consulting Practicum are currently being trained to consult, and Security Canyon members are covering their overhead. She introduced several students from that program who spoke about their experiences analyzing the effectiveness of local and regional talent attraction websites around the U.S. They intend to issue a report on their findings soon to the Security Canyon Board.

### **3. SkySong 1.5 Acre City of Scottsdale-owned Parcel**

Dan Worth, Public Works Director, described some of the potential uses the City of Scottsdale could take advantage of for the 1.5-acre parcel at SkySong that, under the terms of the lease with the ASU Foundation, remains under City control. The verbiage in the agreement suggests that the parcel is located along the Scottsdale Road frontage and that it will be incorporated into the ASU Foundation's master plan for development of the site. City Council discussed this parcel at a work session in October of 2015, touching upon the themes of generating revenue, legally defining the site, and providing a community use or an amenity.

Mr. Worth said staff has explored concepts that could meet some or all of City Council's objectives for the site. The majority of the site could be made available for some economic development activity, possibly targeted to specific industries that are consistent with Scottsdale's goals. A portion of the space could be retained for a public use such as a community center. This option would combine several of the themes that City Council touched upon during their work session. It would provide a community benefit while also generating revenue on the tax rolls, and would give the city the ability to control the type of development that takes place there. On the other hand, the public portion would not generate any revenue and may have costs associated with it. Parking issues would also have to be addressed, depending on whether the site were to work on shared parking solutions with the ASU Foundation or develop as a standalone project.

Mayor Lane said depending on the terms of the request for proposals, the public use could be built into a shared arrangement with the private use. Ms. Casey said other communities, including Chandler and Tempe, have used similar approaches in multiuse partnerships like this. Mr. Smith said one parcel in the southwest portion of the SkySong site could work as is, but other parcels could only be made to work if the ASU Foundation master plan was modified. Mayor Lane noted that early in the discussions on the City's acreage, there was mention of placing a hotel on the site. Mr. Worth responded that the Citizens Task Force that guided the original agreement identified a hotel on a long list of possible uses, but there has not been much talk about that use since then.

Ms. Casey solicited feedback from the Subcommittee. Mayor Lane felt that the most important goal should be to recover the most revenue possible in order to reallocate asset dollars into other important areas, such as the CIP. The idea of a sale versus a lease is also important, because a lease creates a different set of circumstances that would detract from other requirements on the tax base and would keep the land in the City's hands, which he would rather avoid. An office building that incorporates a public use would be important, especially if there is a way to structure a deal where the City has some control over it without having to take care of it. The concept presented by staff is a reasonable one.

Vice Mayor Smith expressed the view that a public facility is important because the effort to revitalize McDowell Road is increasing the density of the corridor. It is important to preserve the openness and the character of the neighborhood; this parcel could be used for that purpose. To fill it in with another building would counter this. It would be preferable to build a public park on the available acreage. He commented that this conversation probably should have been held three years ago, rather than leaving it to the mercy of ASU's master planning process. Mr. Worth noted that ASU has planned around the City's 1.5 acres of Scottsdale Road frontage as indicated in the development agreement, lacking any other direction. Vice Mayor Smith said he would like to see the acreage defined now before the remaining spaces are all filled in. Mr. Worth explained that staff did explore that option. The Parks Master Plan does not identify a great need in the area, largely because of the availability of other nearby options. Additionally a new park would cost the City money. SkySong has a 1.5-acre park near the residential complex that was developed as part of the project's open space requirements.

Councilmember Milhaven said she would need more time to consider the options before making a decision. She noted that the City is leasing the rest of SkySong and questioned the need to sell this 1.5-acre portion. The office idea would also compete with SkySong. If SkySong ends up being the successful bidder, the parcel would not be developed any sooner. The idea of open space is appealing. There is also agreement in the community that SkySong needs better transportation connections, and the parcel could possibly be used for that purpose such as a transit center. She felt the City should wait to see how the community's needs evolve before deciding conclusively.

Mayor Lane said the opinions are diverse enough that the concept should be brought back to City Council. Ms. Casey responded that the one question that did emerge from the previous Council discussion was the need to identify the actual location of the 1.5-acre parcel with some clarity.

Councilmember Milhaven inquired about the resale value of the land. Mr. Worth estimated it at about \$2.5 million. Assuming that it was developed to the full entitlements with Class A Office, it would generate about \$150,000 in construction taxes, and about \$300,000 annually in total property taxes, of which the City's portion would be about 10 percent. Mayor Lane reiterated that he would prefer a sale to keeping the property in the hands of the City. Councilmember Milhaven agreed that would make sense if the numbers generated are large enough, but if they are not, it would be more practical to use the land for another purpose. Vice Mayor Smith said the City has land in other areas that could be put on the tax rolls. At the rate McDowell Road is developing, there will be little open space left before long. Gated communities are great for the residents who live there, but are totally inaccessible and of no value to the rest of the neighborhood. Pocket parks can break up the concrete jungle, and there are not many pieces left in that area that the City can offer.

Mr. Worth said staff could further develop separate alternatives for open space, community use, and holding the land for future sale. City Council will be asked to consider and rate the options according to how well they satisfy their criteria. Mayor Lane requested that staff quantify the

value of all the other unused City-owned lands that have debt service or are off the tax rolls to see if a return of those assets could be better used for capital projects or other tradeoffs. Councilmember Milhaven felt that the development of a cohesive strategy using that data should wait until a new City Manager is appointed. Ms. Casey reconfirmed direction with the subcommittee to do additional research and a return to discussion with the full City Council, and two subcommittee members suggested following the recruitment of a City Manager and under the context of a comprehensive discussion on city properties.

#### **4. Economic Development Department Report**

Danielle Casey reported that Economic Development attended the South by Southwest Job Fair in Austin. The event was very successful. Three local companies attended in person, and a variety of partners participated virtually on social media. The companies accepted candidates' resumes. Of the 146 people surveyed, most had backgrounds in information and communications technology. More than 10,700 people attended the fair over two days. Page views on the Work Scottsdale site jumped from 92 to 471 and the ads were highly targeted. A donated Apple TV donated by a local company, Kleen Concepts, was given to the person who promoted Scottsdale the most on social media over the weekend. The recruiting impact of the trip is being tracked.

Ms. Casey said Phoenix Startup Week was positive, and plans are already being discussed for next year. About 76 people attended the Weebly Website in a Night event last month to learn how to create websites for their small businesses. A cyber security discussion was held at the Museum of the West earlier this week. The downtown business outreach effort has begun. Staff will follow up with the businesses that responded to the survey and will present the information to City Council for final direction at a May 10 work study session.

#### **5. Open Call to the Public (A.R.S. §38-431.02)**

There were no public comments.

#### **6. Future Agenda Items**

None.

#### **Adjournment**

With no further business before the Subcommittee, the meeting adjourned at 5:30 p.m.

Respectfully submitted,  
A/V Tronics, Inc. DBA AVTranz.